MULTIMEDIA UNIVERSITY*

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 2, 2022/2023 (TERM ID 2220)

BMR3134 – STRATEGIC MARKETING

(All sections/Groups)

4 JULY 2023
9.00 a.m – 11.00 a.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 4 pages with 4 Questions only.

2. Attempt **ALL** questions. All questions carry equal marks and the distribution of the marks for each question is given.

3. Please write all your answers in the Answer Booklet provided.

ANSWER ALL QUESTIONS

OSIM: BUILDING A GLOBAL BRAND

Established in 1980, OSIM is a multinational company that markets, distributes, and franchises a comprehensive range of healthy lifestyle products. OSIM has more than 100 products, ranging from massage chairs and air purifiers to health supplements. These products cover four key areas—health, fitness, hygiene, and nutrition. As of March 2008. OSIM has established a global network of 1,095 outlets in more than 360 cities in 31 countries. Due partly to challenging market conditions, the group's turnover for financial year 2007 was S$523.7 million, a decline of 15.9 percent from the previous year.

HOW IT STARTED

The origins of the business date back to November 1980, when Ron Sim started his sole proprietorship business, retailing a range of household goods under R. Sim Trading Company. By 1987 the company had established a distribution network of ten outlets in Singapore, Hong Kong, and Taiwan, marketing health-care products and household goods. As of 1987, there was an absence of brand consciousness among consumers, as the healthy lifestyle product sector was dominated mainly by a disparate group of equipment manufacturers with minimal focus on marketing. In 1989 Sim decided to market an array of home health care, health check, and healthy lifestyle products from different equipment manufacturers under specialty branding. The brand Health Check and Care was created to market these products, and several concept stores in Hong Kong, Taiwan, Thailand, and Malaysia were opened. By 1994 the company had 60 outlets in Asia.

BRAND DEVELOPMENT TO BRAND LAUNCH

In 1996, the OSIM brand name was officially launched to replace Health Check and Care brand. The latter brand, created in 1989, was a generic name, which impeded its registration as a trademark in several countries. OSIM was a union of the founder's last name, Sim, and the letter "O," which represented the company's aim to be a global leader in healthy lifestyle. The OSIM brand name was selected due to its being pleasant sounding, easy to remember and pronounce, and creating positive recall among consumers. The corporate brand name OSIM was used as its umbrella brand identity. The equity in the OSIM name allowed the company to extend this brand to specific products such as the OSIM Millennium, a massage chair, and the OSIM Mermaid, a vacuum cleaner. By May 31. 2000, the name OSIM was registered as a trademark in 26 countries in Africa, Asia, Europe, North America, and South America.

OSIM's marketing strategy focused on wide geographic market coverage and a comprehensive point-of-sales net-work. Therefore, the company used its concept shops as a point of leverage on its brand value. OS1M concentrated on two key features of these concept shops—ambience and shopping experience. OSIM wanted a secure and comfortable atmosphere in its stores. Since health products are products that require much information before a purchase, OSIM also ensured that its staff were sufficiently knowledgeable about its products. Staff approach ability and warmth also provided for a

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pleasant and informative purchasing experience that extended to after-sales services and maintenance. With the guiding principle "Challenging your spirit to do your best," OSIM's objective was to cultivate in consumers a positive outlook toward life and healthy living through the shopping experience. Ron Sim commented on the people-oriented culture in the company: As it has been from the very start, our continued growth has been sustained by being a company about people. Indeed, our people are effective, competitive and have the positive attitude to make every touch point a unique OSIM brand experience for our customers. Our people are driven with the clarity of goals and the theme of "Inspiring Life."

OSIM also set up a customer management system that retained and stored customers' data in key markets at these point-of-sales outlets. Necessary data were obtained through returned warranty cards and consumers' comments in e-mail and product hotlines. This database served as a valuable platform for strategy and decision making in functional areas such as marketing, order fulfilment, service, and support.

BRAND ELABORATION AND EXPANSION

OSIM commissioned the services of a global brand consultant, Interbrand Private Limited, in early 1999. A platform for the OSIM brand was consequently developed by the brand consultant. This platform consisted of guidelines concerning how the brand should be distributed in shop design and layout, packaging, and marketing communications channels. Standardization of the color, size of logos, and wording provided needed consistency in brand implementation.

REVELATION OF THE NEW IMAGE

A new and enhanced corporate logo was introduced in April 2000, and this was a defining moment for the company's brand management strategy. The new logo featured arcs in three colours—blue for the sky, green for land, and orange for light and spirit. It signified OSIM's bold entrance into the new millennium and embodied the company's aspiration to become a leading global brand.

The OSIM brand represented intangible value built upon longstanding trust between the company and consumers, together with the promise of quality associated with its products and services. The company carried out "above-the-line" advertising to keep customers informed of its new products. Taglines used in its advertising campaign included "Health is an attitude to life" and "Good health begins with care," conveying to consumers that an improved quality of life begins with a healthy lifestyle and positive mindset. Advertising appeals used in commercials were emotional, dramatic, and humorous, as OSIM avoided hardsell in commercials. To reach out to the general public, OSIM also engaged several popular celebrities to endorse its products and the concept of healthy living. OSIM's uSqueez, for example, was successfully launched in selected markets by international celebrity Lin Chi Ling in 2007, while award-winning actress Gong Li was featured in OSIM's marketing campaigns in 2003. OSIM was also involved in corporate sponsorship of numerous charity events in Singapore, raised funds for the Asian tsunami in 2004, and supported the Healthy Walk Event in Taiwan in 2005 and 2006.

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CONCEPT SHOPS

Underlying the fundamental concept of health and wellbeing, OSIM categorizes its product lines under four business units:

- Health Focus: equipment such as blood pressure gauges to help consumers monitor their health.
- Hygiene Focus: equipment to help consumers maintain clean air, clear water, and a clean environment in their homes and offices.
- Nutrition Focus: products to help consumers supplement their daily nutritional requirements for a balanced diet.
- Fitness Focus: equipment to help consumers exercise and maintain fitness in the comfort of their homes.

The concept shops pertaining to these business units carried a range of products to meet the objectives of each focus. Some of these shops were standalone ones in shopping malls, while others were located within department stores. Hygiene Focus was launched in 2001 in Singapore and Hong Kong. The Health Focus, Fitness Focus, and Nutrition Focus divisions were officially launched in major geographical markets progressively from 2002 onwards.

RECENT COLLABORATIONS

In 2004 OSIM bought over Global Active Limited for its retail network of 143 outlets in the Asia-Pacific. Global Active was a regional distributor of nutrition products that included supplements and functional foods. It was also the only General Nutrition Centers (GNC) franchisee in the Asian region. As of financial year 2007, Global Active has maintained its profitability, due to broad-based growth in its key regions of Singapore, Malaysia, and Australia.

This was followed by the acquisition of the specialty retailer Brookstone Holdings in October 2005. A result of this was the emergence of OSIM's massage products in more than 300 U.S. stores under Brookstone. This acquisition allowed OSIM to gain a foothold and establish its presence in the U.S. region, expanding its potential consumer target base by an estimated 60 million people.

In the first quarter of financial year 2008, Brookstone recorded a revenue increase of 8 percent to US$89.8 million. The company posted its eighth successive positive same-store growth.

LOOKING AHEAD

OSIM continued to be on the leading edge of innovation, with new product launches almost every quarter. In 2007 it launched uPilot, the designer massage chair featuring ROBO-Stic technology, and uPapa, a power drum massager. Following that, a Cardio-Twist machine, uRobic, was introduced in Taiwan and Malaysia, coupled with the unveiling of the world's first massage and exercise chair, uYoyo, in February 2008.

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As of December 2007, the group had 1,104 point-of-sales outlets worldwide (including Global Active and Brookstone outlets). Part of its profit growth plans in 2008 was to add a minimum of five countries to this international franchise, targeting outlets in South America and Europe. Despite being recognized as Asia's No. 1 Brand for Massage Chairs and Healthy Lifestyle Products by International Research Consultant Synovate, OSIM did not rest on its laurels; instead, the company's long-term objective is to build a global brand. It aims to grow its point-of-sales outlets and extend its market coverage far beyond its present networks to hit 3,000 outlets by year 2013.

Source : Kerin, Hartley, Rudelius, Geok, Marketing in Asia, McGraw Hill (2009)

QUESTION 1

Identify and explain TWO (2) branding strategies employed by OSIM?

(20 marks)

QUESTION 2

Identify and explain FOUR (4) contact points how OSIM communicates its brand identity and meaning to consumers. What is your evaluation of the communication and implementation process.

(30 marks)

QUESTION 3

Discuss the **FIVE (5)** different ways in which OSIM can communicate with its target audiences?

(25 marks)

QUESTION 4

Discuss the **FIVE (5)** factors that influence OSIM's promotional mix decision?

(25 marks)

(Total: 100 marks)

End of Paper